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TAGS: [ECON](#) [ETRD](#) [EINV](#) [EG](#)
SUBJECT: MINISTER OF TRADE RACHID ON QIZ, WHEAT AND
UPCOMING VISIT

REF: CAIRO 2111

Classified by Ambassador Francis J. Ricciardone for reasons
1.4 (b) and (d).

11. (C) In a September 13 meeting with Ambassador, Egyptian Minister of Trade and Industry Rachid Rachid confirmed reports we have heard from the Israeli embassy here that Egypt and Israel have agreed to reduce the required Israeli content in Egyptian exports from the QIZs from 11.7 to 10.5 percent. The Egyptians had hoped to reduce the level to 8 percent, but were unable to negotiate this with the GOI. Israeli Minister of Trade Eli Yishai, from the ultra-Orthodox party Shas, is planning to visit Egypt October 9-10 to finalize the agreement. According to Rachid, Yishai has requested a meeting with Egyptian President Mubarak. Rachid reported no decision as to whether Mubarak will receive him.

12. (C) In response to the July rejection of a shipment of US wheat by the Ministry of Agriculture quarantine inspectors (reftel), Rachid said he had written a "stern, confidential letter" to Minister of Agriculture Amin Abaza. In the letter, Rachid asked Abaza to look into ongoing problems with his quarantine inspectors. The trade minister said that the problems are not with the wheat, but within the quarantine department itself, and that the controversy is interfering with Egyptian grain purchases and imports. (Note: Within the GOE, the Ministry of Trade has responsibility for purchasing wheat, while inspections are carried out by the Ministry of Agriculture. The purchase and subsequent rejection of the US wheat received broad press coverage, much of which was highly critical of Rachid himself.)

13. (C) Rachid will visit the US in November, spending November 13-14 in Washington, accompanied by a US-Egypt Business Council delegation. Other stops include New York, and possibly Cincinnati, Atlanta and Chicago. Rachid's goal for the trip is to highlight the practical benefits to both Americans and Egyptians of the US-Egypt relationship, particularly in the areas of trade and investment. To accomplish this, he intends to minimize official and "political" contacts, and instead to focus on positive private sector American-Egyptian contacts. Nonetheless, in Washington, he is looking forward to meetings with Secretary Rice, and Secretary of Commerce Gutierrez and USTR Susan Schwab. He also will co-chair a meeting of the US-Egypt Business Council.
RICCIARDONE